

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 25, 2018

Mr. Gary Buchler
Vice President, Operations and Engineering
Natural Gas Pipeline Company of America
1001 Louisiana Street, STE 1000
Houston, Texas 77002

CPF 4-2018-1005

Dear Mr. Buchler:

On multiple dates between September 19, 2017 and February 7, 2018, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) were onsite and inspected Natural Gas Pipeline system (NGPL) records and facilities located in Texas, Arkansas and Louisiana.

As a result of the inspection, it is alleged that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violation is:

1. §192.479 Atmospheric corrosion control; General.
 - (a) Each operator must clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere, except pipelines under paragraph (c) of this section.

NGPL personnel failed to clean or coat the following segments (marked “poor” in the Atmospheric Inspection records) in 2014, 2015 and 2016:

- Division 05, Louisiana Mainline #1 – 30”
 - Milepost: 4649+85, Texaco High Island side tap BMT-235. Launch@ Centanna Site off hwy 87 (Gar 018)
 - Milepost: 4728+55, Mainline Valve L-5W (Gar 019)
- Division 05, Louisiana Mainline #2 -30”
 - Milepost: 4259+02, Cross-over West Side Intracoastal Canal (Gar 092)
 - Milepost: 4649+61, Mobil High Island Side Tap BMT-235

NGPL provided photographs taken in May 2017 indicating atmospheric corrosion conditions at the aforementioned locations.

Kinder Morgan O&M Procedure 918 Inspecting for Atmospheric Corrosion, section 3.2 Atmospheric Corrosion Monitoring and Inspection Frequency, states “*Refer to **Atmospheric Corrosion Inspection Guidelines** for guidelines on grading coating condition.*”

The segments above were graded as Poor, and as per Atmospheric Corrosion Inspection Guidelines (CorrPD-006), “*A site graded as Poor must be re-coated or remediated in accordance with the timing indicated in O&M Procedure 918 (Inspecting for Atmospheric Corrosion). Use the RSTRENG program to perform MAOP calculations where necessary.*”

KM O&M Procedure 918, section 3.3 Remedial Repair states “*If corrosion is found on the surface of pressure piping, refer to **O&M Procedure 915 – Maximum Corrosion Limits and MAOP of Corroded Pipe** to determine if piping should be repaired, replaced, or recoated. Corrosion on bolt heads, nuts and threads that could compromise their integrity, must be evaluated to determine if the bolts and nuts should be replaced or recoated. Complete all required recoating prior to the next required inspection.*”

Kinder Morgan O&M Procedure 915 Maximum Corrosion Limits and MAOP of Corroded Pipe, section 3.6 Remediation states “*If the pipe is not immediately repaired or replaced, the operating pressure shall not exceed the maximum safe pressure determined using the **RSTRENG** effective area method.*”

When NGPL was questioned about the repair status, the operator stated remediation of the facilities was scheduled in 2016, 2017 and again in 2018 to address the atmospheric corrosion, but had not been performed at the time of the PHMSA inspection.

The PHMSA inspector verified with the operator that no action has been taken as of February 2018 to stop active corrosion and metal loss on the identified segment. Furthermore, NGPL has not taken pit depth measurements to perform RSTRENG analysis, which is required to calculate safe operating pressure as per their procedure.

Proposed Compliance Order

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$209,002 per violation per day the violation persists, up to a maximum of \$2,090,022 for a related series of violations. For violations occurring prior to November 2, 2015, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 for a related series of violations.

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to propose a civil penalty assessment at this time.

With respect to item 1 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Natural Gas Pipeline Company of America. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

Following the receipt of this Notice, you have 30 days to submit written comments, or request a hearing under 49 CFR § 190.211. If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to **CPF 4-2018-1005** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Mary L. McDaniel, P.E.
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

PROPOSED COMPLIANCE ORDER

Pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Natural Gas Pipeline Company of America (NGPL) a Compliance Order incorporating the following remedial requirements to ensure the compliance of Natural Gas Pipeline Company of America with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to NGPL's failure take action on the above ground segments on Mainline #1 and #2 determined in Poor condition, NGPL must follow their procedures to perform Remedial Repairs in accordance with 49 CFR Part 192 and NGPL procedures, specifically Procedure 918, section 3.3.
2. NGPL should complete item 1 within 45 days of receipt of the Final Order.
3. It is requested (not mandated) that Natural Gas Pipeline Company of America (NGPL) maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Mary McDaniel, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.